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BY ELECTRONIC FILING

The Honorable Sue L. Robinson
United States District Court
District of Delaware
844 King Street
Wilmington, Delaware 19801

Re: Dakota Imaging, Inc. v. Goel, C.A. No. 5-cv-296 (SLR)

Dear Chief Judge Robinson:

Pursuant to Your Honor's request, I am writing to provide an update on the status of the above-referenced case.

The parties have numerous disputes among them relating to the acquisition of Dakota Imaging, Inc. ("Dakota") by Envoy Corporation ("Envoy") from Sandeep Goel and Pradeep Goel (the "Goels") and the other former shareholders of Dakota that are represented by the Goels as Shareholder Representatives. This case, brought by Dakota, includes claims against the Goels for breach of their employment agreements. The Goels have filed counter-claims against Dakota, as well as against Envoy and its parent corporation, WebMD Corporation ("WebMD"). The counter-claim defendants filed motions to dismiss based substantially on arbitration provisions in the Agreement and Plan of Merger among WebMD, Envoy, Dakota, the Goels and others, dated April 5, 2004 (the "Merger Agreement").

Based on the arbitration provisions of the Merger Agreement, in late 2005 the parties engaged Jeffrey M. Katz of BDO Seidman, LLP to resolve a dispute relating to the correct calculation of a contingent earnout payment for the twelve month period ending March 31, 2005 ("First Earnout Year"). Separately, the parties also agreed to schedule a mediation with Magistrate Judge Thyng. This Court denied the pending motions to dismiss without prejudice pending the outcome of ADR proceedings.

A mediation proceeding with Magistrate Judge Thyng occurred on April 4, 2006. The parties were unable to resolve their differences.

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The parties engaged in several rounds of submissions to Mr. Katz during the winter and spring of 2006, and hearings before Mr. Katz occurred on May 30-June 2, June 19-20, June 26-27, and July 5, 2006. The parties are awaiting a decision from Mr. Katz.

On June 27, 2006, Envoy transmitted to the Goels, as Stockholder Representatives pursuant to Section 1.14 of the Merger Agreement, a Calculation of Contingent Payment for the twelve month period ending March 31, 2006 ("Second Earnout Year"). The Goels indicated their disagreement with the calculation by letter dated July 10, 2006. With each party reserving all of its rights, the parties are awaiting the issuance of Mr. Katz's opinion relating to the calculation for the First Earnout Year prior to initiating any arbitration proceedings related to the calculation for the Second Earnout Year. Such arbitration will not be precluded solely because of lapse in time from the end of the Goels' review of documents relating to the Second Earnout Year and the issuance of the opinion by Mr. Katz related to the First Earnout Year.

Envoy intends to assert in this Court its claims for misrepresentation against the Goels in connection with the merger and acquisition of Dakota, as mentioned in previous briefs to this Court. Although the concern was raised previously, we do not believe that the potential misrepresentation claims will divest the Court of jurisdiction.

We are available for a telephone conference at the Court's convenience if further discussion of the case status is desired.

Respectfully submitted,



Michael R. Robinson
(Del. Bar #4452)

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Corporation and WebMD Corporation*

MRR:mr

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